

## **Pakistan-Saudi Arabia Trade Relations: Challenges and Prospects (2008-2015)**

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### **Abstract**

The research aims to shed light on the trade relation between Pakistan and Saudi Arabia from 2008 to 2015, thereby discussing the obstacles and opportunities for partnership in this domain. Even though the two countries have been bound to each other diplomatically, bilateral trade appears to have suffered from severe imbalances, as Pakistan has heavily depended on oil purchases from Saudi Arabia. Despite this, there is another side of a coin which sees many advantages entailed in the improvement of both trading and investment relations across different fields. The investigation is focused on the principles for the development of the private sector collaboration, human resource exchange, agriculture, energy, and infrastructure development etc. after having assessed other key areas. The study reviews the investment and trade possibilities of Saudi Arabia in Pakistan, covering agriculture, food security, industrial services and energy areas. Additionally, it covers Saudi Arabia's economic and social infrastructure projects, which provide fields for Pakistani collaboration. The report further recommends the maintenance of interaction through trade agreements to tackle the pertaining hurdles and its promotion as an anchor of the relationships. Through the implementations of these strategies, the two countries can then build on their experience and cement the ties, whereas they can also ensure sustainable economic growth and development.

**Keywords:** Pak-Saudi Trade, Economic growth, Investment, Prosperity

### **Introduction**

Pakistan and Saudi Arabia relationship is based on the joint cooperation, bilateral communications among the states at political and personal levels during the long course of history. Whether it is because of the Saudi area that has the Holy places of Mecca and Medina which are regarded as so dear and considered as the cradle where Prophet Muhammad (SAW) was born, the local population of Pakistan appreciates Arabian to a great extent. Performing the Holy Hajj and Umrah every year with millions of

Muslims from Pakistan, who are pilgrims of those sacred sites, is special and amazing. It is not only a religious connection but social value and economic, security, and political partnership considering the two nations. Overall, around 3.7 million Pakistanis are employed across the entire Middle East region. On the other hand, the Pakistani expatriate workforce in Saudi Arabia is 1.9 million, signaling the scale of presence with which both countries take part in each other's economy.

In reality, today's bilateral diplomacy is essential and has proven to be an effective instrument for effective developmental progress and national security interests in the global arena. These network of relations, hence, strengthen trade and commerce between countries, permit direct investment from outside, and help increase the levels of plurality, social cohesion, and social and cultural ties. King Abdullah of Saudi Arabia skillfully defined the highly strategic nature of the Pakistan and Saudi Arabia bilateral relations as not only a partnership but it goes far beyond. Pakistan's freedom was acknowledged by Saudi Arabia in a very noteworthy way. This points to the fact that these two countries share deep and long-term relationship even till today. Throughout the history, Saudi Arabia refused backing out of the Pakistan's side when the country faced crises like both the wars-Pakistan-India wars of 1965 and 1971 as well as the periods of international sanctions due to nuclear test took place. From the outset of the interaction, both the nations have witnessed a very dynamic and composite bilateral ties, which have been carried forward through their mutual collaborations across the domains of political, commercial, religious, security and economic affairs. The common heritage, ethnicity and languages, along with the convergence of cultural and religious affinities, has shaped these statehoods into the cradles of remarkable unity, which inevitably resulted in the establishment of an archaic partnership. From a base of least mutual belief and affection, Pakistan and Saudi Arabia have developed heads-on-heads meetings covering both cultural and trade and literature, as well as education. The booming Pakistani expatriate community in Saudi Arabia clearly manifests the fact of their intimacy.

Pakistan and Saudi Arabia keep on making good efforts to enhance their close relationship as a result of this; thus, making it clearer. Saudi Arabia, as the biggest country of The Arabian Peninsula and a place which Muslims hold in high regard, is linked to Pakistan with religious and other cultural aspects of life. The enduring nature of their relations distinguishes them from those of other nations worldwide. Since the establishment of a political government in Pakistan, bilateral relations between the two nations have experienced notable developments, reflecting a commitment to mutual cooperation and progress. While Saudi Arabia's monarchical structure entails distinctive characteristics and criteria regarding its international relations, recent trends indicate a growing engagement between its leadership and the political management of Pakistan, accompanied by

intensified commercial activities. Presently, a conducive environment exists for both the public and private sectors of both countries to augment trade and investment relations through sustained dialogue and collaboration. This opportune moment calls for concerted efforts to explore and exploit untapped areas of potential synergy in business and trade between Pakistan and Saudi Arabia.

**Research Questions:**

1. What are the primary factors contributing to the trade relations between Pakistan and Saudi Arabia from 2008 to 2015?
2. What are the key opportunities and challenges for enhancing bilateral trade and investment relations between Pakistan and Saudi Arabia during the specified period?

**Research Objectives:**

1. To analyze the trade dynamics, patterns, and trends between Pakistan and Saudi Arabia from 2008 to 2015, with a focus on identifying factors contributing to trade relations.
2. To assess the potential avenues for promoting bilateral trade and investment cooperation between Pakistan and Saudi Arabia during the specified period, while identifying challenges that may impede such efforts.

**Significance of the Study**

The investigation of bilateral trade relations between Pakistan and Saudi Arabia from 2008 to 2015 has an array of reasons for it to be done, as stated below. It provides policymakers with lucid economic interlinkage insights between the two countries during global economy turbulence which then facilitate their development of necessary policy recommendations. Through trade activities between both countries, the political dynamics determine the level of regional economic integration, and peace in South Asia and the Middle East. Trade and economic considerations of Saudi Arabia indicates the country's strategic importance as well as the prospect of deeper economic cooperation with Pakistan as the latter is major oil precursor to Pakistan. Knowing how these nations controlled trade relationships despite the global disputes gives policy ideas, together with the trade relations also carry out the diplomatic commitments. Recognizing the issues and the opportunities during the period to be the one that will enable researchers recommend trade improvement in the future by diversifying and removing obstacles. Such information will be helpful to politicians, economists and the business leaders who will be aiming at improving economic cooperation between the two countries.

**Delimitation of Study**

This research limitation will cover only studying the Pakistan-Saudi Arabia trade ties in 2008 to 2015, however, it will be more on the bilateral trade aspect involving dynamics, challenges, and prospects in this time period. It revolves around identifying the factors that can lead to economic ups and downs, political instability, regulatory barriers, and the logistics restrictions

that make the trade flows difficult. The research endeavors to support extending existing partnerships based on innovative sectors, trade policies, and bilateral agreements. Data is going to be collected from credible sources such as like official trade statistics, government reports, academic reports and industry analyses points out a few issues such as data unavailability and possible biases. The emphasis is largely placed on the bilateral trade between Pakistan and the Kingdom of Saudi Arabia, with the knowledge that these countries are part of greater global and regional structures.

### **Literature Review**

The historical ties between Pakistan and Saudi Arabia have consistently exhibited resilience, with both Pakistani governments and Saudi monarchs actively working towards enhancing their relationship. The efforts have been fueled by a range of parameters, which are mostly connected with religious, economic, social and security interests. A group of researchers have written hundreds of research papers on diverse aspects of Pak-Saudi relations, recognizing the mutual benefits of both countries as the main cause. These studies unravel the pinpoint detail dynamics of the bilateral relations calling to attention the significance of common causes and sound strategic alignments for the long-term transnational partnership of the two countries. According to Ahmad (1982) who wrote an essay "Pakistan-Saudi Relationship," the existence of fundamental issues that shape the nature of the relation between the two of them has been supported in some instances. Firstly, both state's bear geographical location and approach to the Arab-Iran dispute together and tend to view security matters and resolving them possible in the same way. As a result, countries that do not share the same stance on Ukraine's future progression have an increased attention to the matter. On top of that, there are other shared aspects such as taking a common stand on the Iraq Issue and The war in Afghanistan. The role of OIC that of the Organization on steadying the Islamic issues is acknowledged by both states. Similarly, the commitment of the state on Islamic unity promotion is championed. The interdependence between Pakistan and Saudi Arabia on economic and security matters serves as a catalyst for the natural progression and strengthening of their bilateral relations over time.

According to Alrasheed (2008), Saudi Arabia maintains stronger business ties with India compared to Pakistan. This preference is attributed to the perception among Saudi Indian businessmen that India offers greater reliability in the realm of business. Furthermore, India's political stability and diverse range of products at competitive prices contribute to its appeal. On a different note, Willian et al. (1981) suggest that if Pakistan extends military assistance to Saudi Arabia and fortifies its defense capabilities, it could potentially disrupt U.S. national interests in the Southwest region. Nonetheless, this collaborative effort is anticipated to yield mutual benefits for Saudi Arabia and Pakistan across political, military, and psychological

domains, ultimately fostering regional stability. Furthermore, the establishment of a military relationship between Pakistan and Saudi Arabia is viewed as advantageous for the latter in terms of enhancing the training of its armed forces.

Riedel (2008) highlights India's vigilant observation of the evolving dynamics between Pakistan and Saudi Arabia amid the Yemen conflict. Notably, Saudi Arabia has maintained enduring relationships with Pakistan, including its recent leader Nawaz Sharif. Presently, Saudi Arabia seeks troop deployment, yet Pakistan exhibits reluctance due to its desire to avoid entanglement in the crisis. Meanwhile, India closely monitors these developments. Throughout history, Pakistan has received significant aid from Saudi Arabia during various crises, surpassing assistance from other Arab nations from the 1960s to 1998. Additionally, Pakistan has provided security assistance and training to Saudi Arabia for over a decade. The current situation has the potential to significantly influence the future trajectory of Pak-Saudi relations.

Gul & Mahmud (2012) contend that overseas Pakistanis contribute a substantial amount of 13.186 billion annually in remittances, with Saudi Arabia standing out as the top source due to the significant presence of Pakistani expatriates in the country. Furthermore, the researchers assert that educated Pakistanis play a significant role in the development of Saudi Arabia, underscoring the positive impact of skilled Pakistani professionals in contributing to Saudi Arabia's progress. In a related context, Kamran (2013) observes that several Gulf countries heavily rely on Pakistan for their security and defense needs, with Pakistan playing a pivotal role in providing training to their security forces. This highlights the deep-rooted security partnership between Pakistan and Gulf countries, which has evolved over the years alongside their diplomatic and political engagements.

Khan (2013) underscores numerous factors contributing to the close bilateral relationship between Pakistan and Saudi Arabia. Such issues as deep problems, military cooperation, diplomatic ties, humanitarian aid, commercial relations, cultural exchange, rebuilding undertakings, common religious affinity, and geopolitical and geostrategic benefits as well play an important role. Besides that, the alliance is based on peace and food problems, and as consequence, the partnership appears. Being constantly changing the regional situation, the researcher underlines, is another element that plays into the two countries' closer bilateral relations and ultimately makes them more recognizable players at the world political stage.

The literature in the past (2008-2015) focusing on Pakistan-Saudi Arabia trade relations does not include the thorough analysis of sector-related obstacles, impacts of policy amendments, and influential geopolitics which

do not make it possible to comprehend completely the influence of those factors on the direction of bilateral trades.

### **Research Methodology and Framework:**

The research will make use of a detailed breakdown of the trade data that transpired between Pakistan and Saudi Arabia from 2008-2015. Data will be gathered and analyzed from respected quadrature sources like the Islamabad Embassy in Riyadh and relevant research articles. The quantitative microeconomic tools will be used to examine the volume of trade, its trends, and imbalances, while the qualitative microeconomic analysis will be undertaken to reveal the opportunities and constraints of bilateral cooperation. Subsequently, the results will be dissected with the aim of making a conclusion and give suggestions on how to improve the ties between the two states in the future.

### **Analysis and Discussion**

The 1947 Pakistan's establishment sowed the seeds of the longstanding and well established relationship that ranges from culture, commerce, trade, politics, strategies and religiosity of Pakistan and Saudi Arabia. Muslim partners' perceptions of Saudi Arabia as an ally are enhanced by its guardianship of the two reputable cities which are Makkah and Madina. Although there are times when cracks occur and Pakistan declined to agree to contribute troops in Yemen for instance, the public in the majority of Pakistan still maintains a very warm perception towards Saudi Arabia. Notably, assertions regarding Saudi investment in Pakistan's nuclear project have been refuted, underscoring the mutual trust between the two nations. Symbolic acts of goodwill, such as the donation of 200 tons of dates in 2014, serve to further fortify the enduring bond between Pakistan and Saudi Arabia.

### **Brief about Bilateral Trade:**

The table shows yearly import export and balance of trade between Pakistan and Saudi Arabia.(US\$ million)

<b>Year</b>	<b>Exports to Saudi Arabia</b>	<b>Imports from Saudi Arabia</b>	<b>Balance of Trade</b>
2003-04	348	1778	1430
2004-05	325	1799	2125
2005-06	329	2994	2665
2006-07	289	3492	3203
2007-08	380	5354	4974
2008-09	456	3137	3151
2009-10	393.81	3640	3246
2010-11	426	4450	4024
2011-12	455	4790	4240
2012-13	486.8	3455.7	2967.6
2013-14	501.7	4287.7	3786



2014-15	496.2	3313.1	2816.9
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(Source, Pakembassy KSA 2016)

In 2013, Saudi Arabia's primary imports from the global market comprised foodstuffs, machinery, motor vehicles, textiles, and chemicals, totaling 155.6 billion. China emerged as the leading exporter, while other significant contributors included Germany, USA, Japan, India, Italy, and South Korea. However, Saudi Arabia's imports from Pakistan amounted to a relatively modest 501.7 million in the same year. The main imports from Pakistan predominantly consisted of food and textile items. Despite this, there exists substantial untapped potential for Pakistan to expand its exports to Saudi Arabia across various sectors, including rice, , pharmaceuticals, ready-made garments surgical equipment, sports goods, construction materials, ceramics, fish, cutlery, marble, and fresh water.

Pakistan's primary exports to Saudi Arabia encompass a variety of products including cotton fabrics, textiles, rice, mutton, knitted garments, vegetables and fresh fruits, beef, fish, chemicals, towels, leather products, and engineering goods. Saudi Arabia ranks among the top fifteen destinations for Pakistani exports. In addition to goods, Pakistan also provides various services to Saudi Arabia, including business services, computer and information technology, construction, transportation, and other government services.

Pakistan's primary imports comprise a significant volume of crude oil, fertilizer, plastic, petrochemicals, organic chemicals, metals, aluminum and its products, hardboard, rubber, as well as paper. The trade disparity experienced by Pakistan is largely attributed to its dependence on oil and petroleum chemicals, particularly from Saudi Arabia. However, it is imperative to address this trade disparity by enhancing trade across all sectors, particularly by increasing Pakistan's exports to Saudi Arabia (Alamet *al*, 2013).

#### **Saudi Arabia: Investment and Trade Opportunities for Pakistan:**

There exist numerous opportunities for Pakistan to bolster trade with Saudi Arabia and enhance the prosperity of its populace. Below are some key areas where investment and trade can be expanded between the two countries:

##### **Growth of private sector:**

Saudi Arabia, a country reliant on revenue from petroleum, grapples with challenges related to the inadequate skills and education of its youth for meeting the demands of various industries. With a workforce of over 5 million individuals employed across diverse sectors, there is growing concern among the Saudi population regarding future employment opportunities. In an effort to reduce reliance on oil, Saudi Arabia is keen on diversifying its economy, with potential sectors of focus including telecommunications, natural gas exploration, and power generation. Pakistan emerges as a reliable partner in this diversification endeavor,

offering a skilled workforce capable of supporting Saudi Arabia's efforts to expand and diversify its economy (Al-Kahtai & Khan, 2013).

### **Human Resource:**

Prior to the discovery of oil in the late 1930s, Saudi Arabia was among the world's poorest and least developed nations. The exploitation of its extensive oil reserves required foreign expertise and labor. As a result, following World War II, there was a significant influx of foreign technical, professional, administrative, and domestic workers from various parts of the world into Saudi Arabia (Wikipedia, 2015).

Saudi Arabia stands out as the primary destination for Pakistani workers, serving as the largest importer of Pakistani labor. According to data from the Pakistan Bureau of Immigration and Overseas Employment, a record-breaking figure of 250,909 Pakistanis were registered with regional offices in Saudi Arabia during the fiscal year 2013-2014. According to the Ministry of Overseas Pakistani (2013-2014) and Human Resource in Islamabad, approximately 1.9 million Pakistanis are working in Saudi Arabia. The United Arab Emirates (UAE) follows as the second largest importer of Pakistani workers, with a workforce of 1,200,000 individuals. Overall, around 3.7 million Pakistanis are employed across the entire Middle East region. Consequently, the geopolitical and economic conditions of the region hold significant importance for Pakistan's economy, given that foreign remittances constitute the second largest source of foreign exchange reserves in the country. The foreign exchange sent by Pakistani workers to Saudi Arabia over the last five years is as follows:

2009-10	\$1,917.66 million US
2010-11	\$2,670.07 million US
2011-12	\$3,687.00 million US
2012-13	\$4,104.73 million US
2013-14	\$4,729.38 million US

(Source State Bank of Pakistan)

Pakistan provides a substantial workforce to Saudi Arabia, encompassing professionals, highly qualified individuals, and skilled workers, constituting around 39% of the total labor force. Among these, drivers make up 10%, and masons 7.7%, while engineers, doctors, nurses, and accountants are represented in smaller proportions. Pakistani workers play a pivotal role in Saudi Arabia's economic progress and make significant contributions to Pakistan's foreign exchange reserves. Moreover, the strong rapport between



the Prime Minister of Pakistan and the Saudi government suggests promising prospects for additional employment opportunities for Pakistani workers in Saudi Arabia in the coming years.

#### **Agriculture Sector and Food Growth:**

In 2011, Saudi Arabia launched the Agriculture and Livestock Investment Company (SALIC) with the objective of making agricultural investments on a global scale. SALIC has operations in multiple countries, focusing notably on regions such as Hungary, Ethiopia, Bulgaria, Ukraine, Kazakhstan, Romania, the Russian Federation, Poland, Uzbekistan, Sudan, Kyrgyzstan, and Egypt. With an initial paid-up capital of \$800 million, SALIC aims to establish itself as a significant player in global agriculture investment, actively seeking partnerships with leading agribusiness entities worldwide. Pakistan stands poised to benefit from potential agreements with such companies, especially considering Saudi Arabia's interest in the food sectors (Bajwa, 2014).

- Wheat
- Corn
- Beef & Mutton

#### **Wheat:**

Since 2016, Saudi Arabia has encountered a dependency on imported wheat, attributed to rising demand fueled by the consumption of biscuits and other sweet foods. Additionally, the country's reliance on imported wheat is influenced by the imperative to conserve underground water resources. With an estimated wheat consumption of 2.9 million tons in 2012-13, Saudi Arabia imports approximately 2.5 million tons, of which 1.8 million tons are imported by the Grain Silos and Flour Mills Organization (GSFMO) for human consumption. This presents a notable prospect for Pakistan to export its wheat to Saudi Arabia (Westelius, 2014).

#### **Corn:**

Saudi Arabia foresees a substantial 22.8% rise in corn consumption, expected to reach 2.8 million tons by 2018. This surge is propelled by the country's goal of achieving self-sufficiency in poultry production and associated requirements. The increased demand for corn reflects a strategic pivot towards strengthening the poultry sector. With government support and enhanced investments, the poultry industry in Saudi Arabia is positioned for significant expansion in the coming years, as indicated in a report by MBI.

#### **Brief Introduction of MBI:**

The Michigan Biotechnology Institute (MBI) is a non-profit biotechnology research accelerator founded in 1982 through a partnership between the state of Michigan and organizations like the W.K. Kellogg Foundation. Initially dedicated to bridging university research with biotechnology applications to enhance Michigan's agriculture and forestry sectors, MBI aimed to stimulate

job creation and bolster economic conditions. It received a \$10 million fund over four years to support these initiatives. MBI is renowned for its market-oriented approach and interdisciplinary team, focused on expediting biotechnology commercialization. It has forged partnerships with prominent companies such as DuPont, Genomatica, and Novozymes, and recently collaborated with Bolt Thread to produce synthetic spider silk. MBI collaborates with universities, governments, and financial backers to disseminate promising sustainability technologies globally.

**Role of MBI in Saudi Arabia:**

In Saudi Arabia, the Michigan Biotechnology Institute (MBI) employs a distinctive biotech de-risking process to develop biofuels, chemicals, food, and feed from renewable sources, marking a shift away from fossil fuels and raw materials. Through collaboration across scientific, engineering, operational, and business disciplines, MBI capitalizes on its integral and adaptable infrastructure to scale technologies from laboratory to pilot scales. This initiative aligns with Saudi Arabia's goal of reducing reliance on oil reserves and transitioning towards alternative fuel sources, particularly biofuels. MBI's partnerships with renowned Saudi universities and its research endeavors in biofuels, petrochemicals, and agricultural byproducts play a pivotal role in advancing this objective, addressing the pressing need for alternative energy sources amid global oil reserve limitations.

**Beef and Mutton Production:**

Saudi Arabia is committed to enhance production of dairy and livestock through investments in farming breeds and partnerships with cattle and dairy producer countries, notably in South America and Kazakhstan. The recent lifting of bans on importing livestock and dairy from Pakistan opens up new avenues for collaboration.

**Economic and Social Infrastructure:**

During Saudi Arabia's ninth 5-year plan (2010-2014), the country witnessed significant investments exceeding \$38 billion in social and economic infrastructure. The 2014 budget, with a total allocation of \$228 billion and a surplus of \$54 billion, prioritized expenditures in crucial sectors including health, education, infrastructure, security, social services, municipal development, roads, water management, and technology. Notably, there was a particular emphasis on advancing technology and science initiatives as part of the broader national development strategy (Westelius, 2014).

**Educational Infrastructure and Trainings:**

Saudi Arabia allocated a significant \$56 billion in its 2014 budget for educational facilities, encompassing various initiatives such as the construction of 465 new schools and 1544 ongoing school projects. Additionally, funding was designated for the renovation of 1500 schools, establishment of 8 new colleges, and development of new university campuses. The government also earmarked \$1.39 billion for technical and vocational institutes, along with \$5.9 billion for students studying abroad and their families. Furthermore, an additional \$1.33 billion was set aside for

project requirements. Given Pakistan's expertise in these sectors, it is well positioned to secure contracts for these projects (Smith & Abouammoh, 2014).

#### **Government Financing Programs & Development Institutions:**

The Saudi Arabian government has allocated a substantial amount of \$22.75 billion in its 2014 budget to bolster the real estate market, stimulate job creation, and drive growth initiatives. This funding supports various funds such as the Saudi Industrial Development Public Investment Fund, Saudi Development Fund, government lending programs, Saudi Credit Fund, and the Saudi Agricultural Development Fund. Saudi Arabia, additionally, has ambitious plans to invest over \$125 billion in railway development over the next decade, aiming to establish a comprehensive railway network spanning the kingdom. This extensive project includes initiatives such as the North-South railway line, Haramain high-speed rail, Riyadh and Makkah metros, the GCC rail, and the Saudi Land Bridge. Given Pakistan's expertise in railway infrastructure, collaboration on these projects holds significant potential to enhance foreign exchange earnings for Pakistan (Westphal, 2015).

#### **Energy Sector Development:**

Saudi Arabia is in the midst of a transformation aimed at becoming a global technology leader by 2025, shifting away from oil dependency towards knowledge-based industries. This endeavor includes significant investments in universities, entrepreneurship, and technology, with notable projects such as the atomic city and renewable energy center. The country is also addressing energy demands by transitioning to solar energy, with a projected demand of 120 GW by 2032. Furthermore, with a focus on reducing unemployment and fostering entrepreneurship, Saudi Arabia is exploring e-commerce opportunities. Given Pakistan's expertise in e-commerce and entrepreneurship, coupled with its energy crisis, collaboration in solar projects and other ventures presents significant potential for mutual benefit (Bajwa, 2014).

#### **Housing Unit:**

The Saudi government's plan to construct around 50,000 housing units is expected to generate increased demand for energy, building materials, cooling systems, and related services. Pakistan is well-equipped to participate as a contractor in these projects, capitalizing on its expertise in the construction field. Pakistani builders have already established a successful track record in Saudi Arabia, rendering them ideal partners for contributing to these housing developments and accruing foreign exchange earnings (Bajwa, 2014).

#### **Industrial Sector:**

The Saudi Arabian government is actively executing industrialization programs via the Saudi Industrial Fund to diminish reliance on oil revenue. This initiative offers technical and administrative support, along with loans

to investors, aimed at enhancing the industrial sector. Moreover, negotiations are facilitated to address concerns raised by industrialists. However, there is a pressing need for urgent attention to further enhance industry improvement efforts.

#### **Trade Challenges and Recommendations:**

Pakistan, despite possessing abundant skilled labor, educated professionals, and technological expertise across various sectors, faces financial constraints hindering its development. However, by engaging in Saudi developmental projects and offering expertise, Pakistan could bolster its foreign exchange reserves and elevate its economy to developed country levels. Although Pakistan contributes services, labor, and expertise to Saudi Arabia, there remains untapped potential for further collaboration. The opportunity for both Pakistan and Saudi Arabia is to take advantage of collaboration and the reactivation of the Pakistan Saudi joint business council that had been in the 10th session of the Joint Ministerial Session in Riyadh post 2005. To explore trade growth directions, the suggested variety of actions include identifying and promoting the most attractive investment sectors, getting around stumbling blocks to bilateral relations, creating a special advisory wing, tweaking trade strategies and stimulating joint ventures. Furthermore, strengthening the link between the trade support institutions and anticipating demands in the sector in the Kingdom through the Services Trade Development Council are key to the implementation of the effective supply chain and facilitation of investment. Promoting partnerships between the Pakistani and Saudi industrial sector for youth creation program and exchange of human resources through the Ministry of Overseas Pakistanis are the right approaches in building up the economic linkages between the two countries. With the development of specialized methods of applicable actions and the adoption of sector-specific policies, Pakistan can enable its prospects, commit itself to closer economic relations with Saudi Arabia, and work towards greater economic stability and prosperity.

#### **Trade Sector Development:**

To boost the economic cooperation of Pakistan and Saudi Arabia, promoting more business interactions and communication between businesses is nonnegotiable. Pakistani enterprises and companies are urged to persistently break down the Saudi barriers by way of participation in exhibitions, trade expos, and industry events. It should not be forgotten that good product quality is the basis of the success in business market which, eventually, gives a respect to organization. The Pakistani food products have vast potential in the Saudi market but keeping this in mind that it has to be business ethics friendly.

#### **Investment Growth:**

The country can take advantage of vast opportunities for foreign investment, especially from Saudi Arabia but as it is, foreign investment is still low. This

strategy can be influenced by the government focusing on key sectors coupled with investment opportunities for investors abroad. This objective can be fulfilled through advocacy of investment in agriculture and food sectors, which will utilize the country's rich land and the beneficial existing economic ties between the two countries in the region. Explicitly engaging foreign capital for clean energy generation (solar, wind, hydropower), and steels and fertilizer manufacturing helps to show the scale and benefits of these businesses. By exhibiting Pakistan's less expensive and skilled labor force, sustainable business companies of Saudi Arabia could be attracted more and trade relations could be enhanced through employment opportunities. In this regard organizing conferences, roadshows and Information cells in Saudi Arabia, Pakistan can conduct this mission efficiently and attract international investors. Overseeing security and energy-related issues of foreign investors is one of the areas where their confidence building and investment environment improvement should be focused on. Through this apparel product, Pakistan will be able to take the advantages and encourage foreign investment (i.e., particularly from Saudi Arabia), fostering economic growth and socio-development.

**Services Provision:**

Pakistan boasts expertise across various fields such as health, information technology, engineering, architecture, banking, and consultancy, which can be instrumental in enhancing bilateral relations and augmenting foreign exchange earnings. Saudi Arabia's ongoing modernization endeavors have generated demand for services across sectors like banking, finance, IT, consultancy, engineering, architecture, health, education, and construction. Pakistan stands to capitalize on these opportunities by supplying skilled professionals and services to meet Saudi Arabia's requirements. Particularly noteworthy is the escalating demand for IT and software services in Saudi Arabia, presenting favorable prospects for Pakistani companies and professionals to establish a presence in the market. Such collaboration has the potential to not only fortify bilateral relations but also bolster Pakistan's economic growth by augmenting foreign exchange revenue.

Saudi Arabia has a substantial demand for medical and engineering colleges, which presents an opportunity for collaboration with Pakistan's Higher Education Commission (HEC) and renowned private institutions like NUST, LUMS, and GIKI. Pakistan can play a pivotal role in training Saudi youth in vocational centers, supported by Saudi investment, thereby yielding economic and service-related benefits for both countries. Furthermore, Saudi Arabia offers investment prospects across various sectors in Pakistan, including leather, sports, textiles, minerals, health, IT, construction, finance, power generation, agriculture, tourism, and food. Despite the close friendship between the two nations, the trade volume remains low. Hence, it is imperative for both countries to cooperate and extend support to each

other, leveraging their bilateral relations to strengthen their economies and address weaknesses through practical collaboration and assistance.

### **Conclusion**

The study of the Pakistan-Saudi Arabia trade partnership in the period between 2008 and 2015 reveals that both opportunities and challenges are involved with the cooperation. Despite the minor disagreements, the remarkable rapport, sustained and nourished through shared cultural, religious, and strategic interests, has led to mutual sympathy and greater perceptions among the public in both countries. Analyzing the trade balances brings to the fore a trade balance asymmetry which mainly derived from Pakistan's spiked imports of crude oil and petroleum products from Saudi Arabia. This trade deficit, nonetheless, notes that there is an outstanding degree of untapped boom for Pakistani exports to Saudi Arabia to trade across different sectors like agriculture, textiles, medicines and services. Pakistan can be of great help in various financial activities that concern diversification of the Saudi Arabia economy, for instance, telecommunication, natural gas exploration power generation and others. The abilities of human resources, agriculture, and food production of Pakistan are another helpful and promising way for cooperation as witnessed in the agricultural investments provided by companies like the Agriculture and Livestock Investment Company (SALIC). The featured study of national development strategies, including investment of the country in social and economic infrastructure, educational institutions, and, the digital world, signifies significant collaboration areas wherein Pakistan has a comparative advantage in services and expertise provision. These include the involvement of their workforce in the construction of infrastructures, vocationally training their people and allowing the small of skilled people to spread their work in different sectors.

To sum up, although challenges remain, the analysis points to the numerous potentials for Pakistan and Saudi Arabia to go further in their mutually beneficial economic relations. Utilizing their historical and strategic ties, these two countries will be able to cooperate in engaging in such activities as creating trade balance and promoting investment and socio-economic development. A collaborative approach that is driven by far-sighted thinking and proactive actions is crucial for achieving the highest possible potential levels of bilateral trade between Pakistan and Saudi Arabia in the future.



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